

# The Overseas Private Investment Corporation

Opportunity

Partnership

Innovation

Cooperation

Facilitating U.S. Franchising in Russia

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# OPIC Assists Businesses to Capitalize on Growth Opportunities & Increase Profits

## Questions about OPIC and its Small Business and Franchising Products

- ✓ What is OPIC?
- ✓ What are OPIC's products?
- ✓ What products are available to franchises?

# OPIC is the World's Oldest Bi-Lateral Financial Institution

- ✓ **History** Products originated in the Marshall Plan, established as an independent agency in 1971
- ✓ **Mission** To help U.S. Businesses invest overseas, to foster economic development in host countries, to support U.S. Foreign policy
- ✓ **Experience** Supported over \$150 billion in investments to date, open in more than 150 countries

# OPIC's Products Include Political Risk Insurance, Finance & Investment Funds

Products		
Political Risk Insurance	Long-Term Financing	Investment Funds
political violence	project loans	sector specific funds
expropriation	corporate loans	region specific funds
currency inconvertibility	loan guarantees	

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# OPIC's Products are Available to Commercially Viable Projects with Significant U.S. Involvement

Customers		
Political Risk Insurance	Long-Term Financing	Private Equity
U.S. citizens	U.S. investors	Private U.S. fund managers
U.S. businesses (> 50% U.S. owned)	U.S. businesses (at least 25% U.S. owned)	
Foreign companies (95% U.S. owned)	U.S. financial institutions	
Other foreign entities (100% U.S. owned)	Foreign companies (at least 25% U.S. owned)	

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# OPIC Finance is Available for a Variety of Long Term Projects

## Types of Projects

- ✓ Green field (up to 60% debt financing)
- ✓ Expansion (up to 75% debt financing)
- ✓ Privatizations
- ✓ **Franchises**

# OPIC Offers Unique Terms to U.S. Franchisors & Their Small Business Franchisees

## Franchise Loan Terms

- ✓ Direct loans from \$100K to \$4M
- ✓ Tenors are typically 3-15 years
- ✓ Interest Rates based on price of 3 to 10 year US Treasuries plus a risk spread of 3% to 5%
- ✓ 6 month grace period on principal
- ✓ Straight-line amortization
- ✓ Collateral/security requirements depend on loan size and risk assessment
- ✓ Franchisee needs to provide guarantee

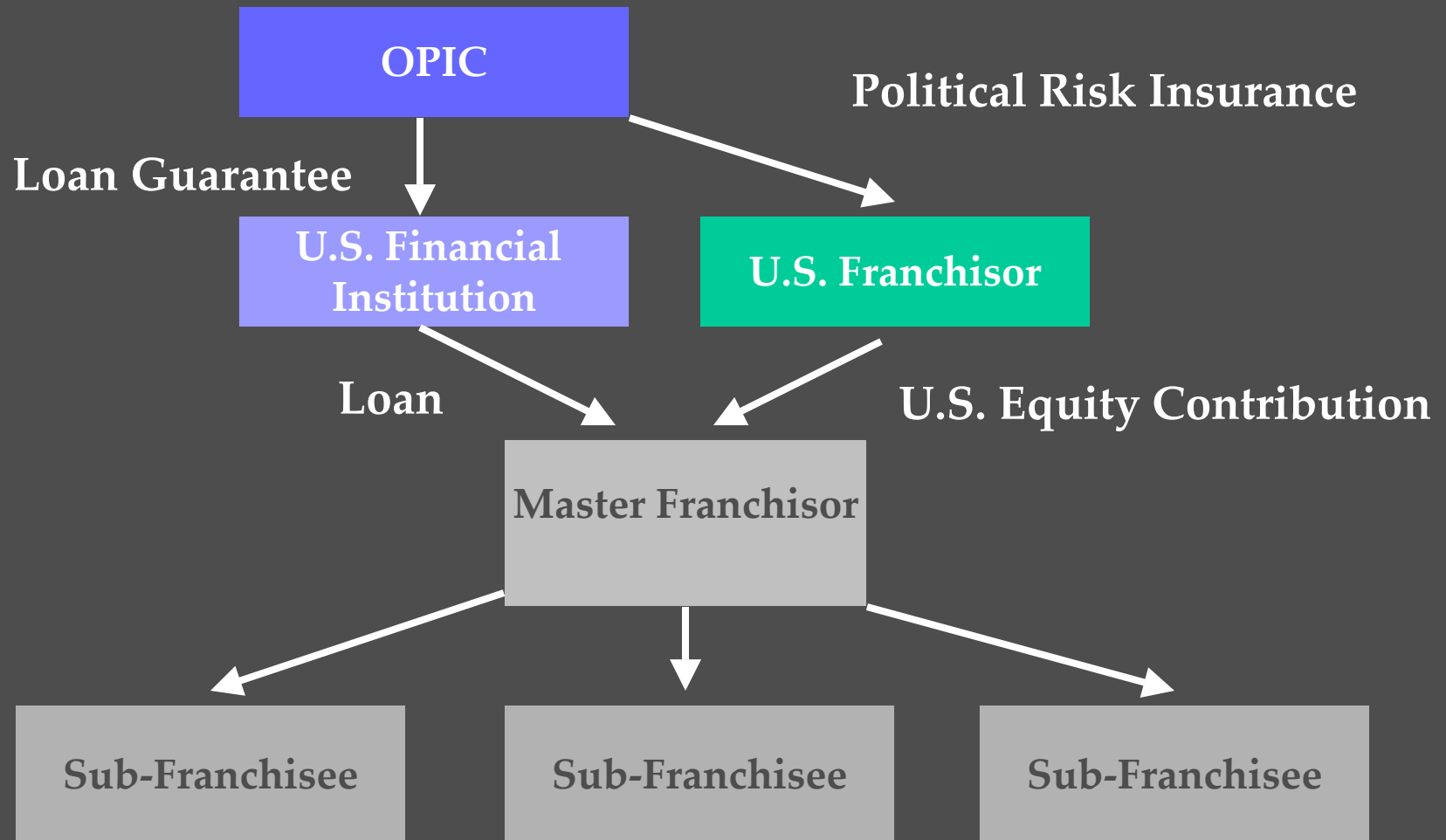
# OPIC Franchise Loans May Cover a Variety of Local Franchisee Costs

## Types of Costs

- ✓ Feasibility studies
- ✓ Start-up expenses (legal & registration fees)
- ✓ Training
- ✓ Machinery & equipment
- ✓ Working capital (including initial stock/inventory)
- ✓ Land – only if purchase is arm's length transaction
- ✓ Franchise Fees (except when master franchisor is also the franchisee)



# OPIC Assists Large U.S. Franchisors with Loan Guarantee to a Their U.S. Financial Institution



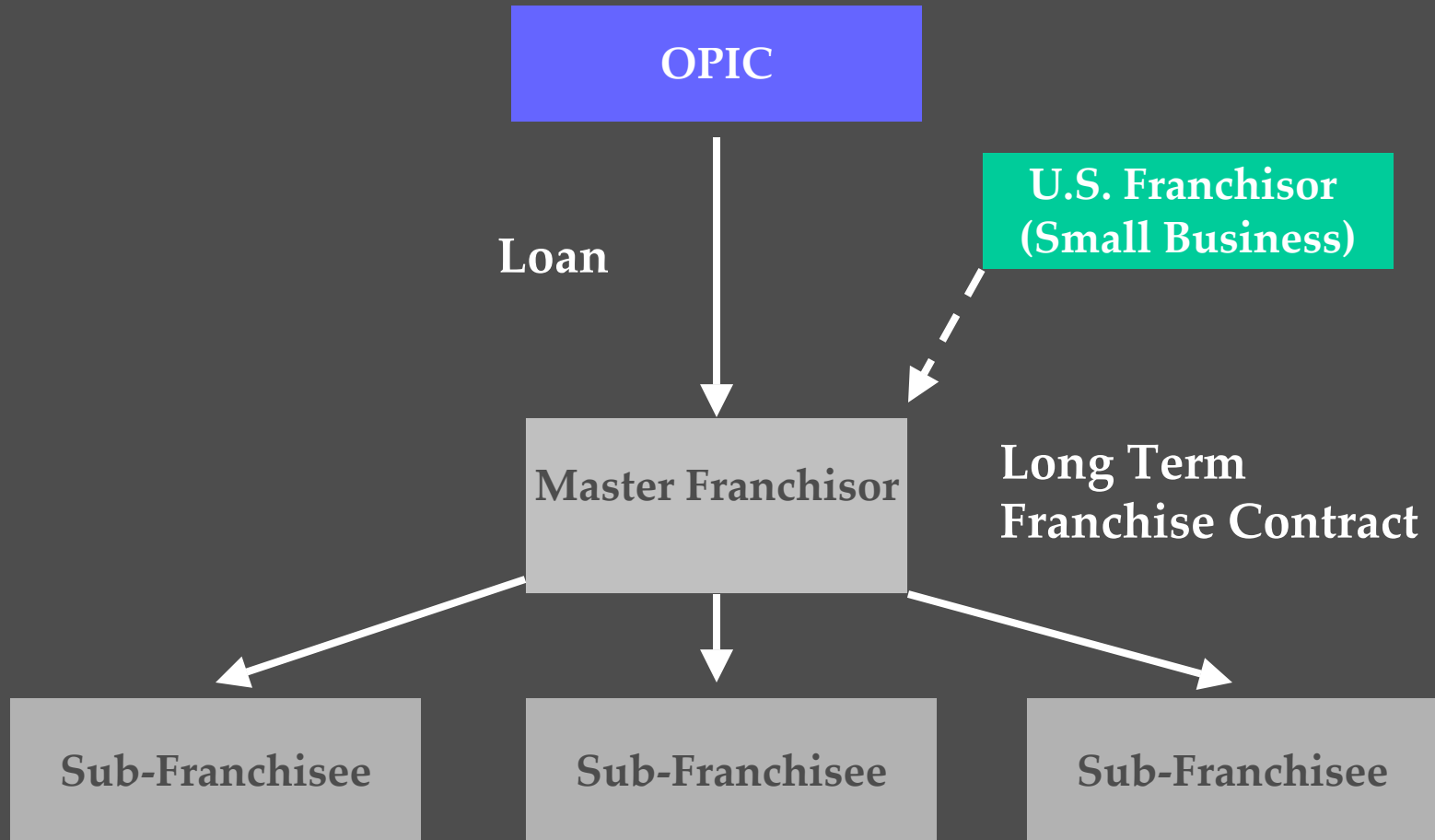
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# OPIC Can Assist Small U.S. Franchisors by Offering Direct Loans to Their Local Franchisees



*Small Business = Businesses with Annual Revenues < \$250 M*

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# Direct Loans to Local Franchisees Must Involve Significant Involvement of the U.S. Franchisor

## Aspects of Significant U.S. Involvement:

- ✓ US Franchisor has permitted use of its trademark or brand
- ✓ Long term contractual arrangements
- ✓ Business concepts, systems, technology and/or knowledge derives from US franchise
- ✓ Fees/royalties payable to US Franchisor (direct or indirect)

# In Addition to the U.S. Involvement, OPIC Applies Special Credit Criteria to Franchise Projects

## Additional Criteria for Franchise Loans

- ✓ Quality of franchise
  - ✓ proven concept
  - ✓ strength in market
  - ✓ profitability
  - ✓ # of stores
- ✓ Depth of franchise arrangement
- ✓ No harmful environmental effects
- ✓ No negative impacts on the U.S. economy
- ✓ Investors must follow ethical business practices

# OPIC's Franchise Loan Processing Generally Takes Six Months

- ✓ Send a 3-5 Page Summary
- ✓ Submit application
- ✓ Application screening
- ✓ Retainer Fee & Due Diligence
- ✓ Credit Committee
- ✓ Investment Committee (only for deals > \$2.5 million)
- ✓ Commitment Letter
- ✓ Loan Documentation
- ✓ Disbursement

# OPIC Assists Businesses to Capitalize on Growth Opportunities in Developing Markets

## Review of Questions about OPIC and its Small Business and Franchising Initiatives

- ✓ What is OPIC?
- ✓ What are OPIC's products?
- ✓ What products are available to franchises?

For more information, applications, or contact information about  
OPIC's programs in Russia, visit our dual language website:

[opic.gov/Russia](http://opic.gov/Russia)

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To discuss your project, please contact OPIC's  
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